

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 COME-00 XMB-04 /022 W

----- 105859

R 091507Z JUN 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 0426

UNCLAS SAN JOSE 2338

E.O. 11652: N/A

TAGS: ETRD, BEXP, CS

SUBJECT: CONTRACT AWARDED FOR CONSTRUCTION CEMENT PLANT

REF: SAN JOSE A-146 JULY 27, 1973

1. A MAJOR CEMENT PROJECT, CEMENTO DEL PACIFICO, WHICH FAILED TO GAIN GOCR APPROVAL EARLY LAST YEAR HAS NOW BEEN APPROVED AND THE CONTRACT AWARDED TO A U.S. FIRM. AN OFFICIAL OF CORPORACION COSTARRICENSE DE DESARROLLO, S.A., (CODESA) INFORMED EMBASSY OFFICIAL UNOFFICIALLY THAT A CONTRACT HAS BEEN AWARDED TO ALLIS CHALMERS FOR THE "TURNKEY" CONSTRUCTION OF A 1,750 MT DAILY CAPACITY CEMENT PLANT IN GUANACASTE.

2. CONSTRUCTION OF THE PLANT IS EXPECTED TO BEGIN WITHIN 60 DAYS AND IS TO BE COMPLETED EARLY IN 1978. THE COST OF THE PROJECT IS EXPECTED TO APPROXIMATE \$60 MILLION AND IS TO BE FINANCED IN ACCORDANCE WITH A PLAN DEVELOPED BY ALLIS CHALMERS. THIS FINANCIAL PLAN PROVIDES FOR BORROWING \$42 MILLION WITH THE PARTICIPATION OF BANK OF AMERICA AND EXIMBANK.

3. THE PROJECT IN 1973 WAS EXPECTED TO COST \$45 MILLION AND PRODUCE 1.2 MT OF CEMENT ANNUALLY. TODAY'S COST ESTIMATES, AFTER CAREFUL STUDY, ARE 33 PERCENT HIGHER AND THE PRODUCTION CAPACITY IS 63.6 PERCENT LOWER.

4. THE FEASIBILITY STUDY CONDUCTED BY KAISER  
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ENGINEERS RECOMMENDED A PLANT WITH A DAILY PRODUCTION

CAPACITY OF 1,000 MT AND ALLIS CHALMERS RECOMMENDED A  
DAILY PRODUCTION CAPACITY OF 1,200 MT. CODESA'S DECISION  
TO INCREASE THIS CAPACITY TO 1,750 MT DAILY WAS  
PROMPTED BY A DECISION TO USE CONCRETE INSTEAD OF  
ASPHALT TO SURFACE THE NEW ROADS PLANNED IN COSTA RICA.  
LANE

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## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CONTRACTS, INDUSTRIAL PLANTS, CEMENT  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
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**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
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**Disposition Reason:**  
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